

**Fiscal Year (FY) 2006  
WIC Electronic Benefits Transfer (EBT)  
Pilot Project Cooperative Agreements  
Request for Application (RFA)**

**Letter of Intent Due to FNS by May 5, 2006 at 5:00 PM ET**

**Cooperative Agreement Applications Due to FNS by June 16, 2006 at 5:00 PM ET**

Note: This competition is open to all WIC State agencies, except agencies that are requesting a Cost Amendment to an existing EBT Cooperative Agreement for FY 2006 are not eligible to submit an application under this solicitation.

**The Catalog of Federal Domestic Assistance (CFDA) Number is 10.578.**

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**Fiscal Year (FY) 2006**  
**WIC Electronic Benefits Transfer (EBT)**  
**Pilot Project Cooperative Agreements**  
**Request for Application (RFA)**

**Background**

In accordance with Public Law 109-97, the Food and Nutrition Service (FNS) plans to award Cooperative Agreements to WIC State agencies to support the development, implementation, and evaluation of Electronic Benefits Transfer (EBT) solutions for the WIC Program. In March 2006, FNS announced the availability of up to \$3 million to support the immediate, short-term funding needs of existing EBT pilots and invited WIC State agencies with existing Cooperative Agreements to submit Requests for Cost Amendments. Subject to the availability of funds, FNS also plans to award up to three new Cooperative Agreements totaling up to \$3 million to develop, test, and evaluate integrated online EBT solutions (i.e., WIC EBT systems that deliver benefits via a magnetic stripe card used with existing retailer equipment in an online, real time setting).

The FNS 5 Year Plan for EBT outlines a long-term strategy to migrate from paper-based food benefit delivery to EBT through support of State pilot projects. (<http://www.fns.usda.gov/wic/EBT/wicebt5yearplan.htm>) Through these efforts, FNS seeks to identify technically and financially viable national model(s) by 2008. To date, FNS has funded eight EBT projects, five of which are currently delivering benefits to all or some of the WIC caseload in the pilot States. Nearly all of the earliest EBT projects adopted offline, smartcard technology, which processes transactions via a chip embedded in the card. While the smartcard EBT solutions have proven to be technically feasible, they have not been affordable within existing nutrition services and administration funding levels for all of the State agencies.

To examine alternative cost effective EBT technologies, the FNS 5 Year Plan proposes to test other EBT solutions including magnetic stripe/online transaction processing. Although FNS has supported two online EBT pilots, neither project has fully examined the capabilities or costs of online, real time technology. The Michigan EBT project used a “hybrid” technical approach combining features of online and offline technology. A small scale demonstration of a standbeside online EBT system was carried out in Washington State in 2005, but the limited size and scope of this project precluded thorough testing and evaluation of this particular EBT solution.

This solicitation requests applications for Cooperative Agreements to pilot test and evaluate integrated online, real-time EBT solutions. The goal of these pilots is to provide timely information in support of the FNS 5 Year Plan for EBT. Cooperative Agreements should promote efforts to minimize the cost and time required for upfront system development and emphasize strategies to obtain results within the FNS 5 Year Plan

timeline (within 2 years or less). FNS will consider proposals for various approaches including: a joint WIC and Food Stamp EBT system procurement (“State Y” identified in the FNS 5 Year Plan); testing and evaluation of EBT systems developed and demonstrated with FNS funding that have not yet been integrated or evaluated using the National Cost Model; and independent efforts by a WIC State agency to develop its own online EBT system. FNS will consider approving sole source selection of vendors with EBT experience in an effort to expedite the pilot implementation process.

### **Eligibility for Cooperative Agreement**

This solicitation is open to all WIC State agencies, except that State agencies requesting Cost Amendments to existing Cooperative Agreements with FNS for EBT pilot projects for FY 2006 are not eligible to apply for a new Cooperative Agreement under this announcement.

### **Amount of Funds Available**

FNS anticipates awarding up to \$3 million for up to three Cooperative Agreements to pilot test integrated online EBT solutions. The availability of these funds is uncertain and depends on competing funding needs within the WIC Program, the availability of separate funding for information systems, and the merits of the grant requests received. If funding levels are not sufficient for FY 2006, Cooperative Agreements may be awarded in a subsequent year, subject to the availability of funds, based on responses to this solicitation.

### **Funding Priorities and Use of Funds**

Applications for Cooperative Agreements that propose to implement and evaluate an online EBT pilot within the timeframe of the FNS 5 Year Plan (two years or less) will receive the highest priority for funding. Although FNS may consider applications for Cooperative Agreements to support new online system development and projects extending beyond 2008, these applications will receive lower priority for funding.

EBT funds are intended for up-front capital investments and should be used to design, develop, implement, and evaluate online EBT systems. Allowable costs include retailer compensation for software changes and equipment required to integrate EBT with existing cash register systems. EBT grant funds may be used to cover the costs associated with returning to a paper-based benefits delivery system at the end of the pilot.

Applications may request funds for costs expected to occur over the life of the pilot project, however, FNS will give priority to funding those costs expected to occur between September 29, 2006 through December 31, 2007. Cooperative Agreements established under this solicitation are for limited pilot testing only and are not intended to support expansion beyond the immediate pilot area. FNS intends for any procurement entered into by a State Agency under this Cooperative Agreement to be of limited

duration for the pilot period and to cover only those activities associated with the pilot implementation, operation, and evaluation. Additional procurements will be required for expansion beyond the immediate pilot site.

## **Application Information**

State agencies applying for Cooperative Agreements should provide FNS with a detailed proposal for an online EBT pilot project. The proposal must respond to the criteria and include all of the proposal requirements discussed herein. Submitted proposals should describe in detail the State agency's plans to operate a project under a Cooperative Agreement. The proposal should describe all activities in the plan and how the applicant plans to achieve each goal and objective. The proposal should highlight how the applicant plans to achieve results by 2008. Information provided to address the evaluation criteria must be sufficiently detailed in the narrative statement to demonstrate the ability to perform the proposed activities. The application should be prepared following the guidelines and instructions below and contain the following elements in the order indicated:

1. **General** - State agencies should submit an original and two copies of each application document. One copy must be ready for copying, that is single-sided, unstapled, unbound, on 8 ½" x 11" paper, and single spaced. The number of pages for the entire Application should be no more than 40 pages, including appendices, with narrative in a font size no smaller than 12 point.
2. **Application Assembly**
  - ✓ **Application for Federal Assistance (SF-424)**
  - ✓ **Table of Contents** – The Table of Contents should contain page numbers for each component of the application beginning with the Application Summary.
  - ✓ **Application Summary** – The application should include a complete summary of the project and specific activities to be undertaken. It should focus on overall project goals and objectives, project plans, including timeline and key milestones, and relevance to the goals of the FNS 5 Year Plan for EBT.
  - ✓ **Project Description** – Address the following:
    - **Narrative Statement** – The application should explain in detail plans to develop, implement and evaluate an integrated online EBT pilot within the specified timeframe. The narrative should identify factors that will be considered in selecting a pilot site and identify potential EBT pilot sites within the State. It should address plans for: acquiring or developing an online EBT system

and clinic interface; testing various applications, integrating EBT with retailer cash registers; acquiring equipment; processing EBT transactions; training staff and participants; and evaluating costs and outcomes. The narrative should discuss the applicant's strengths, resources, and experience that indicate the ability to carry out a complex EBT pilot within a relatively short timeframe. This includes discussion of dedicated State resources available to manage and staff the EBT pilot project, and evidence of retailer support and commitment to participate in the EBT pilot design, development and operations. The narrative should also describe the key features of the State agency's WIC eligibility certification system and its ability to support EBT operations.

- **Project Activity and Detailed Timeline** – The application should include a chart of project activities with a timeline with milestones, key activities or tasks and their due dates, and go/no-go decision points. Decision points must include the criteria to be used to make the go/no-go decision.
- **Evaluation Plan** - The evaluation of these pilot projects is critical to providing information for FNS to identify cost effective EBT models and for other States considering EBT projects. Applications must discuss plans for evaluating the project, including project costs and the viability of sustaining statewide EBT operations within the State's NSA grant.

FNS has developed a national model EBT project evaluation tool (A copy of the FNS evaluation model tool can be found at [www.fns.usda.gov/wic](http://www.fns.usda.gov/wic)).

FNS requires grantees to incorporate this evaluation model into their proposed projects. If a State chooses to use an alternative evaluation design, the proposal must describe the evaluation methodology to be used including the key variables and outcome measures that will be assessed. At a minimum, FNS expects this plan to incorporate the key elements of the FNS-developed design to allow for consistent evaluation results across projects.

- **Budget** – A detailed budget must be submitted as part of the application and must include amounts budgeted for each activity planned by fiscal year quarters. **Please indicate the amount of funds requested for each budget line-item in narrative form and provide supporting details for the cost estimate.** The application should also include a cost allocation plan, if applicable, through the duration of the proposed project.

- **Budget Information** - Standard Form (SF) 424A and B.
- **Indirect costs** – If the applicant is using a rate agreement negotiated by a cognizant Federal agency, a copy of the most recent negotiated indirect cost rate agreement needs to be included with the application. The percentage amount and base should be indicated in the budget narrative.
- **Cost Sharing** – While the WIC EBT program does not have a cost sharing requirement, the sources and amounts of all support (if any) should be summarized on the SF-424 and in the budget narrative.
- **Certification Regarding Lobbying** – SF-LLL, Disclosure of Lobbying Activities.

**Submission Instructions** - The completed application package must be received by FNS Headquarters at the address listed below on or before 5:00 PM Eastern Time (ET) on June 16, 2006.

1. **Electronic Application Submission** – Applications may be submitted electronically by accessing [www.grants.gov](http://www.grants.gov). This is a new government website designed for electronic submission of applications/proposals. Please allow ample time to familiarize yourself with the system's requirements. You will need both a Data Universal Number (DUNS) and a Contract Registry Number (CCR) to access the system. You may contact Dun and Bradstreet at 1-800-234-3867 to obtain a DUNS number if you do not have one already.

**All applicants submitting their application/proposal via [www.grants.gov](http://www.grants.gov) must send an email to [veronica.ferrell@fns.usda.gov](mailto:veronica.ferrell@fns.usda.gov), advising that the application was submitted through the grants.gov portal.** This email must be received no later than 5:00 PM ET on the application due date. Also, the grants.gov system provides several confirmation notices when an application is submitted through the portal. Please be sure that you receive a confirmation notice which acknowledges that your application was accepted by the system.

2. **Mail or hand delivery of the grant application.** Submit one original and two copies of the application to the address below by the deadline. If you opt to mail your application, we strongly suggest using a mail delivery service which guarantees delivery and allows you to track delivery to FNS.

FNS will not accept faxed or emailed applications.

Late applications will not be considered.

Additions or revisions to applications will not be considered once the applications are received by FNS.

**MAILING ADDRESS:** If you are submitting your application by mail, it should be sent to:

**Veronica Ferrell, Grant Officer  
Food and Nutrition Service  
Grants Management Division  
3101 Park Center Drive, Room 738  
Alexandria, VA 22302-1594**

**DEADLINE:** Applications are due on or before **June 16, 2006** at 5:00 PM Eastern Time (ET).

### **Evaluation Information**

- Panel Review: All applications that meet the deadline for submission will be screened for completeness and conformity to the requirements of this solicitation. If deemed fully responsive, the request will be considered for funding. Based on the responses to the criteria discussed below, a panel of FNS staff will determine the technical merit of each request and provide a numerical score.
- Evaluation Criteria:
  - **Project Plan (Narrative Statement) (50 points)**

The application outlines a detailed plan to develop, implement, and evaluate an integrated online EBT pilot. It identifies potential pilot sites, procurement plans, and implementation strategies. Project descriptions should detail each step necessary to design, implement and evaluate and include a cost estimate for the various activities. The applicant's plan should appear feasible and reflect a thorough understanding of the complexities of EBT system development and implementation. The timeline and cost estimates should contain sufficient detail and appear reasonable based on other EBT pilot experiences. The application should include a discussion of potential issues that may prevent or slow the project's successful implementation and suggest solutions or contingencies. The plan should demonstrate efforts to minimize cost and time required for upfront system development and emphasize strategies to ensure the successful completion by 2008.
  - **Staffing and Management (15 points)**

The application should outline plans for staffing and managing the EBT pilot. The roles and duties of all key staff should be thoroughly explained including identifying persons or entities responsible for oversight and completion of various project activities. The Plan should provide evidence of dedicated resources to



manage and staff the pilot project and describe prior experience of key staff in large scale system design/development and/or project management.

➤ **Demonstrated Retailer Support (15 points)**

The application should provide evidence of retailer support and commitment to participation in the design, development and operation of a WIC EBT pilot. Plans to facilitate ongoing communication and involvement of retailers should be discussed.

➤ **Current WIC Management Information System (MIS) (15 points)**

The application should describe the applicant's current WIC Management Information System and the system's ability to support EBT operations with minimal modification.

➤ **Additional Points (5 points)**

The application identifies or suggests strategies to ensure pilot implementation and evaluation by 2008.

**Total Possible Points = 100**

### **Award Process**

- A panel of FNS staff will review applications and make recommendations for funding to the FNS selection officials. The proposals will be ranked by score starting at the highest score and presented to selecting officials based on this ranking. The final decision to award grants for FY 2006 is at the discretion of USDA selecting officials. Selecting officials will consider the panel rankings and comments, recommendations from FNS regional office staff, and other pertinent information before deciding which proposals to fund. FNS selecting officials reserve the right to fund proposals out of rank order based on written assessments made by evaluation panel members, information provided by regional office staff, and agency priorities.
- FNS reserves the right to fund successful applications at an amount less than requested if federal funding is not sufficient. If funds are not sufficient to award Cooperative Agreements under this announcement for FY 2006, FNS reserves the right to award Cooperative Agreements in a subsequent fiscal year without further recompetition, subject to the availability of funds.
- FNS Headquarters will provide final approval of the EBT funding awards. The Supplemental Food Programs Division (SFPD) will notify State agencies of the selection decision and will announce the selected projects to the Regional Offices (ROs) once award recommendations have been made and cleared within the U.S. Department of Agriculture.

- A Cooperative Agreement will be awarded to the selected State applicant(s). A Cooperative Agreement is used rather than a grant agreement, which is typically used for general infrastructure funding, because the EBT projects require substantial coordination between FNS and the State agency for the following reasons: (1) FNS has a strong interest in the outcomes of the activities carried out through this funding to identify functional national models; and (2) it is difficult to predict and plan schedules, budgets, and outcomes since WIC EBT technology and implementation is limited in its scope and continues to evolve.
- States that are not selected will be offered a debriefing via the telephone after official notifications have been sent.

### **Use of Funds – Terms and Conditions**

- Terms and conditions of the WIC EBT Cooperative Agreements will be subject to 7 CFR 3015/3016/3017/3018/3019/3021/3052. (A copy of these regulations may be obtained at <http://www.gpoaccess.gov/cfr/index.html>.) Applicants must agree to comply with the USDA regulations above (which codify Office of Management and Budget (OMB) circulars) listed below.

- 7 CFR Part 3015: “Uniform Federal Assistance Regulations;”
- 7 CFR Part 3016: “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments” (Reference OMB Circular A-102 Common Rule);
- 7 CFR Part 3017: Subparts A-E, “Government-wide Debarment and Suspension (Non-procurement);”
- 7 CFR Part 3017: Subpart F, “Government-wide Requirements for Drug-free Workplace (Grants);” and,
- 7 CFR Part 3018: “New Restrictions on Lobbying.”
- 7 CFR Part 3019: OMB Circular A-110, Uniform Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
- 7 CFR Part 3021: “Government Requirements for a Drug-free Workplace.”
- 7 CFR Part 3052: OMB Circular A-133, Audits of States, Local Governments and Non-profit Organizations

- The EBT Cooperative Agreements will be funded no later than September 29, 2006. End dates will be determined based on individual proposals and approved timelines, but no later than December 31, 2008.
- The grant period will be specified on the FNS-529, the Grant/Cooperative Agreement signature page. Grant funding must be obligated within the grant period. All activities under the program must take place within the period of agreement. Grant funding must be drawn from the letter of credit account within 90 days following the agreement expiration date.

- By July 15<sup>th</sup> of the second Federal fiscal year of the Cooperative Agreement, FNS will assess the progress of State Grantee(s) and determine whether there is a need to recover and redistribute unspent grant funds from projects that are not progressing as planned.
- FNS reserves the right to cancel the Cooperative Agreement at any time if it is determined that the funding goals will not be met. Examples include insufficient progress under the project or failure to meet the conditions of the Cooperative Agreement.
- The Grantee must submit quarterly progress reports, and quarterly/annual financial reports within 30 days after the end of each quarter. In addition, a SF-269A (Short Form) Financial Status Report must be completed and submitted within 30 days after the end of each fiscal quarter and 90 days after the end of each fiscal year of the reporting period. The final 269A is due no later than 90 days after the close of the Cooperative Agreement period. At the end of the project, each grantee must submit a final report on the project outcomes and evaluation results.

### **Post-Award Activities**

The WIC EBT pilot project funding is intended to provide timely information about the use of WIC EBT technologies to guide FNS in developing national model(s). To meet this objective, these projects require a strong partnership between FNS and WIC State agencies. FNS national and regional office staff will work closely with State agencies awarded grants to ensure that the project design is consistent with national goals, objectives, and standards. FNS expects that State agencies awarded EBT funds will participate in activities to disseminate and share information about their EBT systems and experiences including:

- Developing system design and requirement documentation (to enable the sharing and transfer of information and models with other State agencies);
- Sharing information about EBT experiences with FNS and other State agencies;
- Collecting consistent cost and transaction data for design and cost evaluations;
- Evaluating the project and disseminating results.

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## Attachments

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- ✓ **SF-424** (Attachment 1)

<http://www.whitehouse.gov/omb/grants/sf424.pdf>

- ✓ **SF-424A and SF-424B** (Attachments 2 and 3)

<http://www.whitehouse.gov/omb/grants/sf424a.pdf>

<http://www.whitehouse.gov/omb/grants/sf424b.pdf>

- ✓ **Certification Regarding Lobbying** (Attachment 4)

<http://www.whitehouse.gov/omb/grants/sfillin.pdf>